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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

CENTRAL BOARD OF DIRECT TAXES

NOTIFICATION

INCOME-TAX

New Delhi, the 26th September 1968

S.O. 3495.—The following draft of certain rules further to amend the Income-tax Rules, 1962, which the Central Board of Direct Taxes proposes to make in exercise of the powers conferred by section 295 of the Income-tax Act, 1961 (43 of 1961), is hereby published for the information of all persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration on or after the 31st day of October, 1968.

2. Any objection or suggestion which may be received from any person with respect to the said draft before the said date will be considered by the Central Board of Direct Taxes.

Draft Rules

1. (1) These rules may be called the Income-tax (Seventh Amendment) Rules, 1968.

(2) They shall come into force on.....
.....

2. In the Income-tax Rules, 1962, after rule 6D the following rule shall be inserted, namely :—

"6DD. *Cases and circumstances in which payment in a sum exceeding two thousand five hundred rupees may be made otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft.*—No disallowance under sub-section (3) of section 40A shall be made where any payment in a sum exceeding two thousand five hundred rupees is made otherwise than by a crossed cheque drawn on a bank or by

a crossed bank draft in the cases and circumstances specified hereunder, namely:—

(a) Where the payment is made to—

(i) the Reserve Bank of India or any banking company as defined in section 5 of the Banking Regulation Act, 1949 (10 of 1949);

(ii) the State Bank of India or any subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959);

(iii) any co-operative bank or land mortgage bank;

(iv) any primary agricultural credit society as defined in clause (cii) of section 2 of the Reserve Bank of India Act, 1934 (2 of 1934) or any primary credit society as defined in clause (civ) of that section;

(v) the Life Insurance Corporation of India established under section 3 of the Life Insurance Corporation Act, 1956 (31 of 1956);

(vi) the Industrial Finance Corporation of India established under section 3 of the Industrial Finance Corporation Act, 1948 (15 of 1948);

(vii) the Industrial Credit and Investment Corporation of India;

(viii) any State Financial Corporation established under section 3 of the State Financial Corporations Act, 1951 (63 of 1951);

(b) where the payment is made to Government and, under the rules framed by it, such payment is required to be made in legal tender;

(c) where under any contract entered into by the assessee before the 1st day of January, 1969, the payment is required to be made in legal tender;

(d) where the payment is made by—

(i) any letter of credit arrangements through a bank;

(ii) a mail or telegraphic transfer through a bank;

(iii) a book adjustment from any account in a bank to any other account in that or any other bank;

(iv) a bill of exchange made payable only to a bank.

Explanation.—For the purposes of this clause and clause (g), the term "bank" means any bank, banking company or society referred to in sub-clauses (i) to (iv) of clause (a).

(e) where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied or services rendered by the assessee to such payee;

(f) where the payment is made for the purchase of agricultural or forest produce or the produce of animal husbandry or dairy or poultry farming, or the products of horticulture, apiculture or pisciculture, to the cultivator, grower or producer of such produce or products;

(g) where the payment is made in a village or town, which on the date of such payment is not served by any bank, to any person who ordinarily resides in or is carrying on any business, profession or vocation in such village or town;

(h) in any other case, where the assessee satisfies the Income-tax Officer that the payment could not be made by a crossed cheque drawn on a bank or by a crossed bank draft due to exceptional or unavoidable circumstances and also furnishes evidence to the satisfaction of the Income-tax Officer about the genuineness of the payment and the identity of the payee; and the Income-tax Officer obtains the prior approval of the Inspecting Assistant Commissioner for allowing a deduction in respect of such payment.".

[No. 89/F. No. 1(120)/68-TPL.]

V. RAMASWAMI GAYER, Secy.

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